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SUBJECT: AMBASSADOR DISCUSSES DE-BAATHIFICATION AND OTHER TOPICS WITH AHMET CHALABI

Classified By: Ambassador Khalilzad for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: Ambassador Khalilzad met October 2 with Ahmet Chalabi, who chairs Iraq's Higher National De-Baathification Commission (HNDBC). Chalabi appeared open to de-Baathification reforms such as redrafting de-Baathification guidelines and granting some mid-level ex-Baathists pensions and job reinstatement. Chalabi lamented GOI contracting problems and corruption, but opposes giving more power to the Commission for Public Integrity (CPI). Instead, he recommends reviving the role of auditors and the Cabinet Contracts Commission, and training a corps of professional contracting officials. Chalabi claims Iraqi army and police are not capable of holding areas cleared under the Baghdad Security Plan (BSP). END SUMMARY.

Muqtada al-Sadr

¶12. (C) Chalabi said he is in touch with some factions loyal to Muqtada al-Sadr. The Sadr sloganizing about not engaging with the US until Coalition Forces (CF) withdrawal is beginning to ring hollow, he claimed; some are ready to engage. However, PM Maliki has no relations with al-Sadr and cannot be an intermediary.

Shia Coalition Problems

¶13. (C) Chalabi asserted there is "great tension" within the Shia coalition UIA. He agreed PM Maliki is solid and decisive, but added that he is surrounded by a weak cabinet that hurt the day-to-day running of the GOI. There are competent people, Chalabi said, but they are not in the ministries. Chalabi expressed disappointment with recent articles in the U.S. media critical of PM Maliki.

De-Baathification

¶14. (C) Chalabi confirmed he has resumed working on the Higher National De-Baathification Commission (HNDBC) and claimed he is proposing changes consistent with reconciliation. Chalabi said he had asked the PM to send a representative to the HNDBC. Asked by the Ambassador what the U.S. could do to help the HNDBC, Chalabi suggested U.S. technical assistance in drafting reformed de-Baathification guidelines.

¶15. (C) A South African-style truth and reconciliation commission "will not fly" in Iraq, according to Chalabi. Sadrist and SCIRI would oppose this, fearing it would help the Baath party return.

¶ 6. (C) According to Chalabi, most Baath party members were not affected by present de-Baathification. Chalabi suggested that amending present procedures to allow some mid-level party members to receive pensions and be reinstated in jobs is "doable" and would "take care of 90 per cent" of the problems. The Ambassador asked whether a public statement by Chalabi saying that Baath who had not committed crimes are welcome back into Iraqi society would help. Chalabi insisted he had already made such a statement but he could repeat it; he insisted that he personally had not objected to several former Baathists appointed to relatively high positions in the new GOI.

¶ 7. (C) The Ambassador asked what Baath could expect from the HNDBC; whether they could, for example, form their own party.

While Chalabi left the door open to the possibility, he doubted Baathists could form their own party, even under another name, as this would run afoul of Constitutional prohibitions against the Baath party and could turn members into "targets." They would do better to join existing parties. Chalabi predicted some ex-Baath would join the Iraqi Front for National Dialogue (Hewar - Sunni); others would be attracted to liberal cross-sectarian parties.

Contracting Problems

¶ 8. (C) Chalabi lamented the failure of ministries to provide basic services, noting they have large quantities of unspent funds. The Ambassador agreed, noting that GOI officials worry that making decisions on budget allocations will open them to charges of corruption and arrest by the Commission for Public Integrity (CPI). Chalabi said corruption remains

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a major problem in Iraq; he cited food imports as an example. Corruption among customs inspectors has choked imports and threatens food supplies in Iraq's state-run food distribution system.

¶ 9. (C) At the same time, Chalabi said the CPI's power to detain suspects pending investigation is being used too broadly. Instead of expanding the CPI's powers, he recommended that more authority be given to the Board of Supreme Audit (BSA), which Chalabi says is led by "the best public servant in the country," Dr. Abdul-Basit Al Turk. Chalabi also suggested that the Cabinet Contracts Committee, which had been used during the Jaffari government, should be revived.

¶ 10. (C) In defense contracting, Chalabi said that the GOI should work with the Pentagon's Defense Security Cooperation Agency (DSCA) to procure equipment. Doing so would remove the "onus of corruption." He said GOI officials should be trained in the U.S. on defense procurement procedures, creating a corps of procurement and contracting professionals.

Iraq's Army and Police

¶ 11. (C) Chalabi said violence is returning to areas cleared under Baghdad Security Plan (BSP) because the Iraqi Army (IA) and Iraqi Police (IP) are not up to the task of "holding" these areas. The IA is perceived as pro-Sunni, the IP as pro-Shiite. Chalabi advised that BSP should not proceed too hastily, adding that effective intelligence gathering would be key to BSP's success. He also urged that the U.S. re-think the criteria for judging IA and IP units fully prepared.

¶ 12. (C) Chalabi said he recently had a long discussion with Interior Minister Bolani. According to Chalabi, Bolani is hampered by his inability to fire deputies, a move that would

cause problems in Iraq's unity government. In addition, he said the MOI is severely under strength.

Intelligence Reform

¶13. (C) Chalabi said that reform of the intelligence sector would help solve many of Iraq's problems. He suggested as a first step adding an intelligence-related line item in Iraq's annual budget.

Iran Visit

¶14. (C) Chalabi said that his visit to Iran went well. He provided few details, other than that he had met with top nuclear negotiator Ali Larijani for two hours.

KHALILZAD